



ORIX

ORIX Credit Alliance, Inc.

ORIX CREDIT ALLIANCE, INC. 400 N. SAM HOUSTON PARKWAY EAST SUITE 700 HOUSTON, TEXAS 77060

December 7, 1993

0100093046

Secretary, Interstate Commerce Commission  
12th and Constitution Avenue NW  
Room 2303  
Washington, D.C. 20423

RECORDATION NO. 18666 FILED 1425

JAN 25 1994 -1 50 PM

INTERSTATE COMMERCE COMMISSION

Dear Secretary:

I have enclosed an original and a copy of the documents described below, to be recorded pursuant to Section 11303 of Title 49 of the United States Code.

This document is a SECURITY AGREEMENT-MORTGAGE ON GOODS AND CHATTELS with attached Schedule "A" primary documents dated December 7, 1993.

The names and addresses of the parties to the document are as follows:

Mortgagor: Locomotive Leasing Service, LTD.  
2351 9th Avenue  
Port Arthur, Texas 77642

Mortgagee: ORIX Credit Alliance, Inc.  
400 N. Sam Houston Parkway East  
Suite 700  
Houston, Texas 77060

LICENSING BRANCH

JAN 25 1 42 PM '94

OFFICE OF THE  
SECRETARY

A description of the equipment covered by the documents follows:

THREE (3) EMD, MODEL GP-7, LOCOMOTIVES, S/N 4470, 4471, AND 4475.

A fee of \$18.00 is enclosed. Please return the original and any extra copies not needed by the Commission for recordation to Harry Cassady at ORIX Credit Alliance, Inc., 400 N. Sam Houston Parkway East, Suite 700, Houston, Texas 77060.

*Carol Miller*

A short summary of the document to appear in the index follows:  
Security Agreement-Mortgage on Goods and Chattels with attached  
Schedule "A" between ORIX Credit Alliance, Inc., 400 N. Sam Houston  
Parkway East, Suite 700, Houston, Texas 77060, Locomotive Leasing  
Service, LTD., 2351 9th Avenue, Port Arthur, Texas 77642, dated  
December 7, 1993 and covering Three (3) EMD, Model GP-7,  
Locomotives S/N 4470, 4471, and 4475.

Sincerely,

ORIX CREDIT ALLIANCE, INC.

A handwritten signature in cursive script, appearing to read "Harry Cassady".

Harry Cassady  
Assistant Vice President

**Interstate Commerce Commission**  
Washington, D.C. 20423

1/25/94

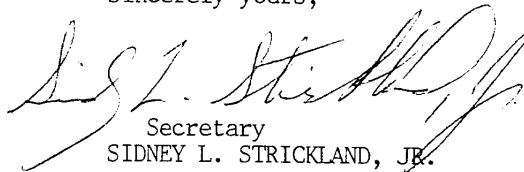
OFFICE OF THE SECRETARY

**Harry Cassady**  
**Assistant Vice President**  
**Orix Credit Alliance Inc**  
**400 N. Sam Houston Parkway**  
**East Suite 700**  
**Houston, Texas 77060**

Dear **Sir:**

The enclosed document(s) was recorded pursuant to the provisions  
of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303,  
on **1/25/94** at **1:50pm**, and assigned  
recordation number(s). **18666**

Sincerely yours,

  
Secretary  
SIDNEY L. STRICKLAND, JR.

Enclosure(s)

This is a true and exact copy *Rebecca J. Angelo* Notary Public for County of Harris, State of Texas.

1-12-9



**ORIX CREDIT ALLIANCE, INC.**  
300 Lighting Way 4th Floor  
Secaucus, NJ 07096-1525

**SECURITY AGREEMENT—MORTGAGE ON GOODS AND CHATTELS**

THIS MORTGAGE made the 7th day of December, 1993

Locomotive Leasing Service, Ltd.

RECORDATION NO. **18666** FILED 1425

JAN 25 1994 -1 50 PM

(Name of Mortgagor)

2351 9th Avenue, Port Arthur, Texas 77642

(Address of Mortgagor)

**ORIX Credit Alliance, Inc.**

INTERSTATE COMMERCE COMMISSION

"Mortgagor", and "Mortgagee":  
[If Mortgagee named above is not ORIX Credit Alliance, Inc., Mortgagor acknowledges notice of the intended assignment hereof to ORIX Credit Alliance, Inc. (said assignee hereinafter called "Mortgagee"), and upon such Assignment, Mortgagor agrees not to assert against Mortgagee any defense, setoff, recoupment, claim or counterclaim which Mortgagee may have against the mortgagee named above and any assignee hereof prior to Mortgagee, whether arising hereunder or otherwise.]

**WITNESSES:**

1. To secure the prompt payment, with interest thereon, performance and fulfillment of any and all Mortgage Obligations (as hereinafter defined) of Mortgagor to Mortgagee, which is hereby confessed and acknowledged, Mortgagor hereby grants, assigns, transfers, bargains, sells, conveys, confirms, pledges and mortgages to Mortgagee, all and singular, the goods, chattels and property described in the annexed Schedule A and all other goods, chattels, machinery, equipment, inventory, accounts, chattel paper, notes receivable, accounts receivable, furniture, fixtures, general intangibles and property of every kind and nature, wherever located, now or hereafter belonging to Mortgagor and all proceeds and any distribution thereof and any insurance thereon (all of the foregoing hereinafter referred to as the "Mortgaged Property"), to have and to hold the same unto Mortgagee forever. PROVIDED, however, that if Mortgagor shall fully, timely and faithfully pay, perform and fulfill the Mortgage Obligations, time being of the essence hereof and of the Mortgage Obligations, then this Mortgage shall be void, but otherwise shall remain in full force and effect. Mortgagor grants Mortgagee a security interest in the Mortgaged Property to secure the Mortgage Obligations.

2. The term "Mortgage Obligations" as used herein shall mean and include any and all loans, advances, payments, extensions of credit, endorsements, guaranties, benefits and financial accommodations heretofore and/or hereafter made, granted or extended by Mortgagee or which Mortgagee has or will become obligated to make, grant or extend to or for the account of Mortgagor, and any and all interest, commissions, obligations, liabilities, indebtedness, charges and expenses heretofore and/or hereafter chargeable against Mortgagor by Mortgagee or owing by Mortgagor to Mortgagee or upon which Mortgagor may be and/or have become liable as endorser or guarantor, and any and all renewals or extensions of any of the foregoing, no matter how or when arising and whether under any present or future agreement or instrument between Mortgagor and Mortgagee or otherwise, including, without limitation, any and all obligations and/or indebtedness of any and every kind arising out of one or more conditional sale contracts, equipment lease agreements, notes, security agreements, trust receipts and/or bailment agreements and the amount due upon any notes or other obligations, given to or received by Mortgagee directly from Mortgagor or by way of assignment from any one or more third parties and whether or not presently contemplated by the parties, and for or on account of any of the foregoing, and the prompt performance and fulfillment by Mortgagor of all the terms, conditions, promises, covenants, provisions and warranties contained in this Mortgage and in any note or notes secured hereby and in any present or future agreement or instrument between Mortgagor and Mortgagee. With respect to any and all Mortgage Obligations, time is and shall be of the essence.

3. Mortgagor covenants and warrants to Mortgagee and agrees that the Mortgaged Property described in the annexed Schedule A is in the possession of Mortgagor at its principal place of business (which is Mortgagor's address shown above), unless a different location is specifically shown on Schedule A for any one or more items, that all of the Mortgage Obligations are acknowledged and declared to be secured by this Mortgage and that Mortgagor will fully and faithfully pay, perform and fulfill all of the Mortgage Obligations, with late charges thereon from and after maturity of any unpaid installment of the Mortgage Obligations, whether by acceleration or otherwise, at the rate of 1% per day until the Mortgage Obligations are collected by the Mortgagee in full and if all or any portion of the Mortgage Obligations be referred to an attorney for collection, a reasonable sum (equal to 20% of the unpaid amount of such Mortgage Obligations) as attorneys' fees. Any interest rate, fee or charge ("rate") charged or to be charged or provided for in any way hereunder or under any document, note or instrument given in connection with any of the Mortgage Obligations shall not in any event or contingency exceed any maximum permitted by applicable law and any such rate shall be deemed hereby amended accordingly. Any sums collected with respect to any rate in excess of any maximum, shall be applied to reduce the principal sum owing under the Mortgage Obligations. Mortgagor further covenants and agrees with and warrants to Mortgagee that:

(a) Mortgagor is the lawful owner of the Mortgaged Property and has the sole right and lawful authority to make this Mortgage, the Mortgaged Property and every part thereof is free and clear of all liens and encumbrances of every kind, nature and description (except any held by Mortgagee); and Mortgagor will warrant and defend the Mortgaged Property against all claims and demands of all persons.

(b) Mortgagor will keep the Mortgaged Property free and clear of all attachments, levies, taxes, liens and encumbrances of every kind, Mortgagor, at its own cost and expense, will maintain and keep the Mortgaged Property in good repair, will not waste nor abuse nor destroy the same or any part thereof and will not be negligent in the care and use thereof; and Mortgagor will not sell, assign, mortgage, lease, pledge or otherwise dispose of the Mortgaged Property without the prior written consent of Mortgagee. Mortgagee is hereby authorized to file one or more financing statements and/or a reproduction hereof as a financing statement.

(c) Mortgagor will insure the Mortgaged Property in the name of Mortgagee against loss or damage by fire and extended coverage perils, theft, burglary, pilferage, and also, where requested by Mortgagee, against other hazards, with companies, in amounts and under policies (each containing a standard/breach of warranty clause) acceptable to Mortgagee, the proceeds to be payable to Mortgagee, and all premiums thereon shall be paid by Mortgagor and the policies assigned and delivered to Mortgagee. Mortgagor hereby irrevocably appoints Mortgagee as Mortgagor's Attorney-in-Fact to make claim for, receive payment of and execute and endorse all documents, checks or drafts received in payment for any loss or damage under any of said insurance policies and to execute any documents or statements referred to herein.

(d) Mortgagor will not remove the Mortgaged Property from its present location without the prior written consent of Mortgagee nor change its present business locations without at least thirty days' prior written notice to Mortgagee and at all times will allow Mortgagee or its representatives free access to and right of inspection of the Mortgaged Property, which shall remain personally and not become a part of any realty, and nothing shall prevent Mortgagee from removing same or so much thereof as Mortgagee, in its sole discretion may determine, from any premises to which it may be attached and/or upon which it may be located upon breach of this Mortgage; Mortgagor agreeing to deliver to Mortgagee appropriate waivers, satisfactory to Mortgagee, of owners and of mortgagees of any such premises.

(e) Mortgagor shall comply (so far as may be necessary to protect the Mortgaged Property and the lien of this Mortgage thereon) with all of the terms and conditions of leases covering the premises wherein the Mortgaged Property may be located and with any orders, ordinances, laws or statutes of any city, state or other entity having jurisdiction over the premises or the conduct of business thereon, and, where requested by Mortgagee, will correct any defects or execute any written instruments and do any other acts necessary to move fully effectuate the purposes and provisions of this instrument.

(f) Mortgagor will indemnify and save Mortgagee harmless from all loss, costs, damage, liability or expense, including reasonable attorneys' fees, that Mortgagee may sustain or incur to obtain or enforce payment, performance or fulfillment of any of the Mortgage Obligations or in the enforcement or foreclosure of this Mortgage or in the prosecution or defense of any action or proceeding either against Mortgagor or against Mortgagee concerning any matter growing out of or connected with this Mortgage and/or any of the Mortgage Obligations and/or any of the Mortgaged Property.

(g) If Mortgagor is a corporation, the execution of this Mortgage has been duly consented to and authorized by all of the stockholders of Mortgagor and duly authorized by its Board of Directors. Mortgagor agrees to deliver to Mortgagee evidence thereof satisfactory to Mortgagee immediately upon request.

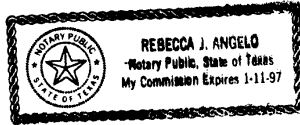
4. If Mortgagor shall default in the full, prompt and faithful performance of any of the terms, conditions and provisions of this Mortgage, Mortgagee may, at its option, without waiving its right to enforce this Mortgage according to its terms, immediately or at any time thereafter, and without notice to or demand upon Mortgagor, perform or cause the performance of such, for the account and at the sole cost and expense of Mortgagor, which (including reasonable attorneys' fees) shall be a lien on the Mortgaged Property, added to the amount of the Mortgage Obligations, and shall be payable on demand with interest at the rate specified in Paragraph 3 hereof. This Mortgage may be assigned along with any and all Mortgage Obligations without notice to Mortgagor and upon such assignment Mortgagor agrees not to assert against any assignee hereof any defense, set-off, recoupment, claim, counterclaim or cross claim which Mortgagor may have against Mortgagee, whether arising hereunder or otherwise, and such assignee shall be entitled to at least the same rights as Mortgagor. Mortgagor hereby designates and appoints Susan B. Glover, Esq., New York, New York and C-A Credit Corp., New York, New York or either of them as Mortgagor's true and lawful Attorney-in-Fact and agent for Mortgagor and in Mortgagor's name, place and stead to accept service of any process within the State of New York, Mortgagee agreeing to notify Mortgagor at Mortgagor's address, as shown herein, or if none be shown, at the last known address of Mortgagor, according to Mortgagee's records, by certified mail within three (3) days of such service having been effected and Mortgagor and Mortgagee hereby specifically agree to the exclusive venue and jurisdiction of any court in the State of New York regarding any matter arising hereunder or with respect to the Mortgage Obligations, except with respect to any action seeking replevin of any of the Mortgaged Property. At Mortgagee's request Mortgagor will furnish current financial statements satisfactory to Mortgagee in form, preparation and content.

5. If Mortgagor shall default in the prompt payment, performance or fulfillment of any of the Mortgage Obligations, or if Mortgagor shall cease doing business, or become insolvent, or make an assignment for the benefit of creditors, or if proceedings under any Bankruptcy Act or for the appointment of a receiver, trustee, liquidator, or custodian for Mortgagor or any of Mortgagor's property shall be commenced by or against Mortgagor, or if Mortgagor shall fail to punctually and faithfully fulfill, observe or perform any of the terms, conditions, promises, covenants, provisions and warranties contained in this Mortgage or in any present or future agreement or instrument made by Mortgagor and then held by Mortgagee, or if any of the warranties, covenants or representations made to Mortgagee be or become untrue or incorrect in any adverse respect, or if there shall be a change in the management, operations, ownership of stock or control of Mortgagor, or if Mortgagor at any time deems the security afforded by this Mortgage unsafe, inadequate or at any risk, then in any such event the indebtedness under all Mortgage Obligations shall at once, at the option of Mortgagee, and to the extent permitted by applicable law, become immediately due and payable without notice to Mortgagor, and in such event it shall be lawful for Mortgagee to take possession of the Mortgaged Property, at any time, wherever it may be, and to enter any premises, with or without process of law, and search for, take possession of, remove, or keep and store the Mortgaged Property on said premises until sold, without liability for trespass nor charge for storage, and to sell the Mortgaged Property or any part thereof and all of Mortgagor's equity of redemption therein at public or private sale, for cash or on credit, and on such terms as Mortgagee may in its sole discretion elect, in such county and at such places as Mortgagee may elect and without having the Mortgaged Property at the place of sale. Mortgagee may bid or become the purchaser at any such sale and Mortgagor waives any and all rights of redemption from any such sale. Any public sale will be deemed commercially reasonable if notice thereof shall be mailed to Mortgagor at least 10 days before such sale and advertised in at least one newspaper of general circulation in the area of the sale at least twice prior to the date of sale and if upon terms of 25% cash down with the balance payable within 24 hours; and any private sale shall be deemed commercially reasonable if notice thereof be mailed to Mortgagor at least 14 days before the sale date stated therein and credit given for the full price stated, less reasonable attorneys' fees. In light of Mortgagee's obligation to maintain the Mortgaged Property, Mortgagee shall not be required to refurbish, repair or otherwise incur any expenses in preparing the Mortgaged Property for sale but may sell its interest therein on an "as-is", "where-is" basis. The proceeds of any public sale shall be applied first to pay all costs, expenses and charges for pursuing, searching, taking, removing, keeping, advertising, and selling the Mortgaged Property, including attorneys' fees and second to the payment of the Mortgage Obligations and second to the payment, partly or entirely, of any of the Mortgage Obligations as Mortgagee may in its sole discretion elect, returning the overplus if any to Mortgagor, who shall remain liable to Mortgagee for any deficiency plus late charges thereon as provided above. Mortgagor hereby irrevocably consents to the appointment of a receiver for the Mortgaged Property and/or all other property of Mortgagor, and of the rents, issues and profits thereof. Such receivership may continue until such deficiency is satisfied in full. Mortgagor expressly waives any right to notice or hearing in any action to recover possession of any or all of the Mortgaged Property. In any action in the nature of replevin or sequestration, Mortgagor agrees that if it contests such action it will post a bond written by a national insurance company authorized to execute such bonds in the jurisdiction of such proceedings, such bond to be no less than the value of the subject matter of such replevin or the unpaid balance then owing to Mortgagee, whichever be less. Mortgagor hereby irrevocably authorizes any attorney of any court of record to appear for and contest one or more judgments against Mortgagor (except in any jurisdiction where such action is not permitted by law) for all unpaid balances due under the Mortgage Obligations, any other monies due hereunder, plus reasonable attorneys' fees, and any deficiency, without stay of execution, and waive the issue of process, all right of appeal and relief from any and all appraisal, stay or exemption laws then in force. Any notices relating hereto shall be in writing and effective when delivered in person to an officer of the party to whom addressed or mailed by certified mail to such party at its address specified herein or at such other address as may hereafter be specified by like notice by either party to the other. Reasonable notification hereunder shall be any notification given or sent at least five (5) days prior to the event for which such notification is sent. Mortgagor and Mortgagee hereby waive any and all rights to a trial by jury in any action or proceeding based hereon or arising hereunder or with respect to any and all counterclaims, cross-claims, setoffs or recoupment claims.

6. Mortgagee may at any time, with or without exercising any of the rights or remedies aforesaid and without prior notice or demand to Mortgagor, appropriate and apply toward the payment of the Mortgage Obligations any and all balances, sums, property, credits, deposits, accounts, reserves, collections, drafts, notes or checks coming into Mortgagee's possession and belonging or owing to Mortgagor, and for such purposes, endorse the name of Mortgagor on any such instrument made payable to Mortgagee for deposit, discount or collection. Such applications may be made or any monies paid to Mortgagee may be applied, without notice to Mortgagor, partly or entirely to such of the Mortgage Obligations as Mortgagee in its sole discretion may elect. In its sole discretion,

[illegible]

This is a true and exact copy. *Rebecca J. Angelo* Notary Public for County of Harris, State of Texas. 1-12-94



**Schedule "A"**

This schedule is attached to and becomes part of the Security Agreement-Mortgage on Goods and Chattels dated December 7, 1993 between the undersigned.

QUANTITY	DESCRIPTION OF PROPERTY	YEAR & MODEL	SERIAL NO.
Three (3)	EMD Locomotives with 1G-567BC 1500 HP Diesel engines	GP-7	4470 4471 4475

This schedule is hereby verified correct and undersigned Mortgagor(s) acknowledges receipt of a copy.

ORIX CREDIT ALLIANCE, INC.

LOCOMOTIVE LEASING SERVICE, INC.

BY: \_\_\_\_\_

BY: *X* *D/SCA* \_\_\_\_\_

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